

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-01

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 /053 W

----- 129171

R 191808Z MAR 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8505

INFO ALL EC CAPITALS 0459

AMEMBASSY MOGADISCIO

AMEMBASSY NICOSIA

USMISSION UN

LIMITED OFFICIAL USE EC BRUSSELS 2447

E.O. 11652: N/A

TAGS: EFIN, PFOR, EEC, EGEN, ELAB, SGEN, EAID, CY, SO

SUBJECT: EC FINANCE COUNCIL MARCH 18, 1975 AUTHORIZES LIMITED

ADOPTION OF NEW UNIT OF ACCOUNT

REFS: (A) EC BRUSSELS 1453

(B) EC BRUSSELS 1815

(C) EC BRUSSELS 2115

(D) EC BRUSSELS 2391

1. BEGIN SUMMARY: ON MARCH 18 THE EC FINANCE COUNCIL APPROVED (SUBJECT TO TWO TECHNICAL RESERVATIONS) A COMMISSION PROPOSAL FOR A NEW UNIT OF ACCOUNT TO BE USED BY THE EUROPEAN DEVELOPMENT FUND (EDF) FOR THE ACP COUNTRIES AND FOR THE EUROPEAN INVESTMENT BANK (EIB). (SEE REFTELS). THE MINISTERS BRIEFLY DISCUSSED THE COMMISSION'S ECONOMIC POLICY GUIDELINES FOR THE COMMUNITY, AND PROPOSALS TO CHANGE THE REGULATION WHICH ESTABLISHED THE EUROPEAN MONETARY COOPERATION FUND. THE COUNCIL'S CONSIDERATION OF SWITZERLAND'S INFORMAL APPLICATION TO BEGIN NEGOTIATIONS LEADING TO ASSOCIATION WITH THE "MINI-SNAKE" AND THE MINISTERS' DECISION TO APPROACH THE UNITED STATES TO

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SEE WHAT COULD BE DONE TO HASTEN ECONOMIC RECOVERY HAVE BEEN

REPORTED SEPTELS. END SUMMARY.

2. NEW UNIT OF ACCOUNT (U.A.):

THE FINANCE MINISTERS OF THE EC AT THEIR COUNCIL MEETING IN BRUSSELS ON MARCH 18 AGREED TO ADOPT A MARKET BASKET OF EC CURRENCIES AS A NEW U.A. FOR KEEPING THE ACCOUNTS OF THE EDF UNDER THE EC-ACP LOME CONVENTION. (THE CURRENCIES MAKING UP THE NEW U.A. ARE TO BE WEIGHTED IN ACCORDANCE WITH THE FIGURES GIVEN IN REF. C). THE BRITISH DELEGATION ENTERED A TECHNICAL RESERVATION TO THE COUNCIL'S DECISION ON THE ADOPTION OF THE NEW U.A. FOR THE EDF SAYING THAT THE MATTER MUST FIRST BE REVIEWED BY THE UK PARLIAMENTARY SCRUTINY COMMITTEE.

3. CONVENING THEMSELVES AS THE GOVERNORS OF THE EUROPEAN INVESTMENT BANK, THE MINISTERS VIRTUALLY COMPLETED ACTION ON THE FURTHER USE OF THE NEW U.A. FOR THE BANK'S 1974 YEAR-END ACCOUNTS. THE DANES RESERVED, HOWEVER, SAYING PARLIAMENTARY APPROVAL WAS NEEDED BEFORE THEY COULD AGREE. NEITHER THE UK NOR DANISH RESERVATIONS ARE CONSIDERED SUBSTANTIVE AND THE NEW U.A. IS EXPECTED TO BE FORMALLY ADOPTED WITHIN SEVERAL WEEKS.

4. SPEAKING WITH REPORTERS FOLLOWING THE COUNCIL SESSION, UK PAYMASTER GENERAL DELL REJECTED THE SUGGESTION THAT THE NEW U.A. WAS, AS COMMISSION PRESIDENT ORTOLI AND FRENCH FINANCE MINISTER FOURCADE HAD CLAIMED, A FIRST STEP TOWARD EUROPEAN MONETARY UNION (EMU). DELL REPEATED BRITISH RESERVATIONS REGARDING EMU AND SAID THAT WHILE USEFUL, THE CREATION OF THE NEW U.A. WAS NOT A PARTICULAR SIGNIFICANT STEP. POLITICALLY HE INDICATED THAT STUDIES REGARDING A POSSIBLE EXTENSION OF THE U.A. TO OTHER COMMUNITY ACTIVITIES WOULD BEGIN, BUT SAID ANY SUCH EXTENSION POSED SERIOUS PROBLEMS FOR THE UK AT THIS TIMES.

5. COMMUNITY ECONOMIC POLICY GUIDELINES FOR 1975:
THE COUNCIL BRIEFLY DISCUSSED THE COMMUNITY'S ECONOMIC SITUATION ON THE BASIS OF DOCUMENTS SUBMITTED BY THE COMMISSION. AS A RESULT OF THIS DISCUSSION, THE COUNCIL AGREED IN PRINCIPLE (SUBJECT TO A PROVISIONAL UK RESERVATION) ON GUIDELINES DESIGNED TO FACILITATE CONVERGENCE OF MEMBER STATES ECONOMIC POLICIES.

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6. ECONOMIC AND SOCIAL SITUATION:

THE COUNCIL DISCUSSED THE DRAGT RESOLUTION WHICH WAS SUBMITTED TO THE EUROPEAN COUNCIL IN DUBLIN ON MARCH 10-11 BY BELGIAN PRIME MINISTER TINDEMANS REGARDING THE ECONOMIC AND SOCIAL SITUATION IN THE COMMUNITY. ACCORDING TO BELGIAN PERMANENT REPRESENTATION SOURCES, TINDEMANS SUGGESTED A THREE-STAGE EXAMINATION OF THE ECONOMIC AND SOCIAL SITUATION IN THE COMMUNITY:
(A) A JOINT COUNCIL MEETING OF ECONOMIC AND SOCIAL AFFAIRS

MINISTERS; (B) A MEETING OF THE SOCIAL PARTNERS (EMPLOYERS, UNIONS AND GOVERNMENTS); AND (C) A SERIES OF MEETINGS BETWEEN GOVERNMENT OFFICIALS AND SPECIFIC EMPLOYERS AND UNIONS ON A SECTOR-BY-SECTOR BASIS. ACCORDING TO PRELIMINARY REPORTS, NO FORMAL DECISION WAS TAKEN BY THE COUNCIL, ALTHOUGH THE PROPOSALS RECEIVED FAVORABLE CONSIDERATION.

7. EUROPEAN MONETARY COOPERATION FUND:

THE MINISTERS DISCUSSED CHANGES IN THE REGULATION ESTABLISHING THE EUROPEAN MONETARY COOPERATION FUND (EMCF) IN LIGHT OF THE OPINIONS GIVEN TO THE COUNCIL BY THE EUROPEAN PARLIAMENT, THE MONETARY COMMITTEE AND THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS. THE COUNCIL HAD NOT RECEIVED THE OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE, AND THEREFORE, NO DECISION WAS TAKEN. THE SUBJECT WILL COME UP AGAIN, PROBABLY AT THE NEXT FINANCE COUNCIL MEETING WHICH IS SCHEDULED TO TAKE PLACE IN LUXEMBOURG ON APRIL 21.

8. REGIONAL FUND.

THE MINISTERS APPROVED WITHOUT DISCUSSION THE TEXTS OF A REGULATION SETTING UP THE EUROPEAN REGIONAL DEVELOPMENT FUND AND A DECISION ESTABLISHING A REGIONAL POLICY COMMITTEE. THE MINISTERS WERE UNABLE TO APPROVE THE SUPPLEMENTARY BUDGET FOR THE REGIONAL FUND BECAUSE THE EUROPEAN PARLIAMENT IS STILL UNDECIDED ON WHETHER THESE EXPENDITURES SHOULD BE OBLIGATORY OR NON-OBLIGATORY IN TERMS OF THE TREATIES. THIS DELAY IS EXPECTED TO BE RESOLVED SHORTLY AND, IN ANY CASE, WILL HAVE NO PRACTICAL EFFECT BECAUSE DISBURSEMENTS FROM THE FUND WILL BE RETROACTIVE TO JANUARY 1, 1975. (THE TEXTS OF THE REGULATIONS ARE CONTAINED IN EC BRUSSELS A-109).

9. EC FOOD AID:

THE COUNCIL APPROVED, WITHIN THE FRAMEWORK OF THE EC'S 74/75 LIMITED OFFICIAL USE

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FOOD AID PROGRAM, 300 METRIC TONS OF BUTTEROIL FOR CYPRUS TO BE SUPPLIED VIA THE UNHCR, TOGETHER WITH 850 METRIC TONS OF BUTTEROIL AND 2,000 METRIC TONS OF SKIM MILK POWDER FOR SOMALIA. GREENWALD

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, MINISTERIAL MEETINGS, FINANCIAL TRENDS, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU02447
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750097-0411
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750337/aaaabchie.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 1453
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2003 by ShawDG>; APPROVED <20 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC FINANCE COUNCIL MARCH 18, 1975 AUTHORIZES LIMITED ADOPTION OF NEW UNIT OF ACCOUNT
TAGS: EFIN, PFOR, EGEN, ELAB, SGEN, EAID, CY, SO, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006